

## INTRODUCTION TO ETHICS

- USADF'S EMPLOYEES, CONTRACTORS, AND PARTNERS ARE STEWARDS OF PUBLIC FUNDS
- AS SUCH THEY MUST ABIDE BY HIGH STANDARDS OF ETHICAL CONDUCT
- THEY SHOULD AVOID CONDUCT THAT EVEN GIVES THE APPEARANCE OF UNETHICAL BEHAVIOR
- SOMETIMES THIS MEANS REFRAINING FROM CONDUCT THAT IS SOCIALLY ACCEPTABLE OR EXPECTED IN CERTAIN CULTURES.

## GIFTS

Gift giving is a time honored tradition in Africa, as it is in the United States. However, in our roles as stewards of public funds, we must distinguish between offers of gifts intended to

- influence our decisions related to USADF's programs or would give the appearance of such influence; and
- those based on generosity and friendship.

Examples:

1. An agricultural expert who is interested in working as a technical expert on an USADF funded grant invites you and your spouse to attend a concert at a local hotel as his guest so that you can get to know each other better. You are aware that the tickets for the concerts are difficult to get and are being sold for \$150 each. Do you accept?

*No. The ethics rules are intended to guard against the reality or the appearance of acting from personal motivation for private gain. **Thus, you cannot accept a gift from someone seeking to profit financially from the relationship.** In this case, the offer of tickets would be (1) a gift from a prohibited source (someone seeking official action from or to do business with the Foundation's program); (2) offered because of your position; and (3) worth more than \$20, the minimum cost considered by the United States Government as acceptable for gifts. You could attend if you decided to pay the fair market value of the gift, i.e., \$300 for two tickets or \$150 if you left your spouse at home.*

2. An old friend from your university days, who is an expert on financial management matters, knows that you are looking for technical assistance providers to do an analysis of a project proposal. He meets with you in the office to discuss it, and before leaving invites you to his home for dinner on Saturday evening. Do you accept?

*You may. There is an exception to the prohibition on receiving gifts to allow persons to accept gifts (including meals) that are clearly based on personal relationships rather than on the desire to win influence. In this case, the nature and duration of the relationship makes it clear that the gift is offered because of the relationship rather than the hope of favored treatment.*

3. Busy Bee Tailors has submitted an application for an USADF grant. The owner met your spouse at a parents-teachers association meeting two months ago. Yesterday, the owner offered to give your spouse a custom-made suit valued at \$50. Can your wife accept it?

*No. Gifts to your spouse are attributed to you. The gift is from a prohibited source and it exceeds the \$20 limit per gift event.*

4. USADF's President, Lloyd Pierson, is coming for a visit. The Partner's Program Director decide the field team should recognize the recent birth of Mr. and Mrs. Pierson's, twin daughters with a gift. The Director decides to ask their staff members to contribute \$10 each toward a present. Is this appropriate?

*Not the way the Program Director did it. **Ethics rules prohibit superiors from soliciting gifts from their subordinates since it is recognized that that it is very hard to say no to a boss. Similarly, superiors cannot accept gifts from employees making less than they are. This looks like an attempt to win favor.** These rules are designed to prevent supervisors from abusing, or appearing to abuse their authority by extorting funds or gifts from their employees, and to prevent employees from currying favor with their supervisors, or appearing to do so, by offering gifts.*

*HOWEVER, there is an exception for gifts given to superiors by subordinates in recognition of important occasions, such as marriage or the birth of a child. **BUT, donations for gifts for such occasions must be voluntary**, which means that donations of a fixed amount cannot be required.*

*Thus, if the Program Director wishes to collect monies to purchase a gift on a special occasion, such as the birth of a child, they must communicate to their staffs clearly that any donations they might wish to give are strictly voluntary, and if given, may be in any amount the staffer wishes to give.*

*By the way, if you have a staff member over to dinner and he or she bring along a bottle of wine, you can keep it. **There is an exception for gifts given in connection with personal hospitality, as long as they are of customary value.** In other words, the Program Director should beware if the Financial Officer shows up for dinner bearing an air conditioner.*

## CONFLICTS OF INTEREST

1. Your spouse is a partner in a noted management consulting firm that has an office in your country of assignment. The firm hears that USADF is looking for an expert to evaluate the impact of the Foundation's program in the country. Your spouse does not do program evaluations herself, but she tells you her partners are very interested in being considered for the work. Can you recommend the firm to do the work?

*No. You must inform your spouse that ethical rules prohibit you from recommending her company to handle the work for the Foundation. In partnerships, such as your wife's company, the partners share in the total profits of the firm, regardless of whether they actually work on a particular job. Thus, your spouse's financial interests would be affected by whether her firm handled this work, and **your interests are considered to be your spouse's by virtue of the marital relationship.***

2. You work for the Partner Organization and serve as an unpaid officer on the board of directors of a non-profit organization that runs a workshop for the handicapped. Your non-profit organization approaches USADF with a proposal. Do you handle this application in the same manner as any other proposal?

*No. While you are on the board, you are ineligible to participate in any matter before USADF that affects the financial status of the organization. **Your financial interest, for purposes of the rule, includes the interests of any organization, whether profit or non-profit, in which you serve as an***

*officer, director, trustee, partner, etc. However, the non-profit could apply to USADF for a grant if you “recuse yourself” from (take yourself out of) any matters related to the selection and implementation of the proposal. A recusal would require you to inform the RPC and field team of your relationship with the group and disassociate yourself from all further involvement with the project. Alternatively, you could resign from the non-profit’s board. One year after your resignation, the organization would be eligible for consideration for funding and you could participate fully.*

3. You are the only Financial Officer (FO) on the Partner Organization’s staff. Your spouse is president and majority owner of a small enterprise that grows mushrooms for export. The business has an excellent chance of landing a lucrative contract with a buyer in France, if it can acquire adequate working capital. Your spouse has asked you if she should apply for an USADF grant. You are aware that the Project Officer’s wife has received a grant for her dressmaking enterprise. Besides, the Rep and the RPC make the actual selections. How do you respond to your spouse?

*You should advise your wife not to submit an application to USADF. As the only FO on the Partner’s staff, you cannot recuse yourself from working on the development and monitoring of the project for your spouse’s enterprise. In addition, the mere fact that your spouse has an USADF grant may give the appearance of a pattern of conflict of interest, even with a recusal, particularly given that the business owned by the PO’s spouse also received a grant.*

4. Before working for the Partner Organization as Executive Director, you were a partner in a leading management consulting firm. You left with the understanding that you could return to the firm as a full partner when and if your relationship with the Partner Organization ended. In addition, for the first two years after your departure, you received 2 percent of the firm's annual profits as deferred benefits. During the two years, the firm approaches you with a proposal for a technical assistance contract. If it is the most qualified firm available, can you accept its proposal? After the two year period, can your response be different?

*During the first two years, you would get 2 percent of the profit made from doing business with USADF. This would be prohibited. After the two years is over, you would still be considered as having a financial interest in the firm because of your potential future re-employment. Steering USADF business to the firm after the first 2 years would affect your financial interest when you returned to the firm. Thus, even after you stopped sharing in the 2 percent of profits, the appearance of a conflict of interest would remain and you should not contract with the firm for services.*

*However, if you decide not to return to the firm and declare so in writing, you would be free to enter into technical assistance contracts with the firm after the expiration of the initial two years. By announcing your intent not to join the firm in the future, you have **“divested” yourself of the prohibited financial interest in the firm and can deal with the firm without giving the appearance that you are benefiting financially from doing so.***

## IMPARTIALITY

1. Your spouse's youngest brother, whom you raised in your home, has just returned from the university with a degree in international economics and a concentration in trade and investment -- the new thrust of USADF – and five years experience in South Africa in this field. The Regional Program Director asks you to recommend a strong candidate for the position of business development officer. You think your husband's brother would do a terrific job. What do you do? If you recommend him to the Regional Program Coordinator, what should he or she do?

*Since you raised your brother-in-law, regardless of his qualifications, hiring him will create the appearance that you have not acted impartially in recommending him for the position. **When acting in an official capacity, you cannot confer a financial benefit on someone, where doing so would cause a reasonable person to question your impartiality in taking the action.** This rule extends to organizations in which you are an officer or member.*

*If, knowing this rule, you still believe that your brother-in-law's qualifications make him the overwhelmingly best choice for the job, you may consult with the Regional Program Director and ask him or her to make an independent determination whether the Foundation's interest in having your brother-in-law in the position is so great that it outweighs the concern that a reasonable person may question the impartiality of the Foundation. The Regional Program Director should then consult with the ethics officer and make the final decision.*



2. You are the Executive Director of the Partner Organization. Your family leases grazing land from the Afrika Cooperative Grazers Association. The Coop submits an application to USADF. The Coop would use the USADF grant to improve the quality of its grazing land – which would, incidentally, be wonderful for your herd and greatly benefit the entire area. Is there any appropriate action you can take that would permit you to recommend the project for funding?

*You have a potential personal stake in the project. Therefore, you should not involve yourself at all in the selection process, since to do so would leave you open to charges of bias. You must inform the Regional Program Director of the situation and recuse yourself from participation in the development and implementation of the project. Alternatively, your family could give up the lease on the grazing land and remove your cattle to another location not associated with the proposal.*

## MISUSE OF OFFICIAL POSITION

1. Your daughter is planning a trip to the United States. You call up the Consular Officer at the American Embassy, state that you work for an organization that has a cooperative agreement partnership with USADF, and suggest that, because of your position, the Consular Officer should expedite the issuance of your daughter's visa. Is this permissible?

*Absolutely not. The ethics rules prohibit the any staff member of the partner organization from using his or her **relationship with USADF for private gain, whether that gain is to the individual, his or her friends or relatives, or persons with whom the individual is affiliated with in a non-governmental capacity.***

2. You are the head of the USADF Partner Organization in your country. Your children finish their classes for the day at 1:00. You have no one to transport them home when you take field trips. The Administrative Assistant in the office once offered to assist you with children on her lunch break. Should you arrange for her to collect your children when you take field trips?

*No. **The rule on use of a subordinate's time states that a superior shall not encourage, direct, coerce, or request a subordinate to use official time to perform activities other than those required in the performance of official duties or authorized by law or regulation.** Staff members are compensated for carrying out their official duties. Their time cannot be used to perform unauthorized functions or provide personal favors. However, if you offer adequate compensation, and take measures to insure that the Administrative*

*Assistant understands that she can refuse, you can request her help with your children on her own time.*

3. You are the Director of an USADF Partner Organization. You have just completed a field trip with members of your staff and two expatriate consultants who are on their first visit to your country. As you head home for the weekend, the consultants decide to continue on to a game park and meet you on Monday for the next stop on the field visit. You know the route the consultants will take and you express serious concern that their rented sports car is not safe for the road. You tell them the road is known as the “highway to death”. They thank you for your concern, but insist on going. Since you cannot change their minds, should you offer them the use of one of the USADF 4-wheel drive vehicles?

*Absolutely no! Such an offer would violate the **rule on use of Government property which states that an individual has a duty to protect and conserve Government property and shall not use it or allow its use for other than authorized purposes.** USADF equipment and supplies, including vehicles, are to be used only to carry official USADF business.*

4. You are aware that USADF is close to awarding a grant to Big Red Tomato Processing, Inc., located in a sparsely populated and underdeveloped suburb of the capital city. The award will finance establishment of a factory that within five years will employ 600 people directly, and create four times as many jobs indirectly. As a result, the

suburb will undergo an economic boom. Land prices in the community are currently low, but will increase after the ADF investment. You and a group of friends have formed a private investment trust to acquire land. Should you arrange for your group to buy up land for sale in the suburb before the ADF investment is made?

*No. You are prohibited from using specific information that is not available to the public to further your own interests or those of others. Such information is defined as information gained by reason of your employment or service which you or a staff member would reasonably know is confidential or has not actually been disseminated to the general public.*

*The Foundation's intentions with respect to funding a particular project and information about groups or projects being considered for funding or projects under implementation are CONFIDENTIAL, and are used only for authorized purposes.*